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**DEPARTMENT OF DEFENSE**

**GENERAL SERVICES ADMINISTRATION**

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

[OMB Control No. 9000-0132]

[Docket 2012-0076; Sequence 61]

**Federal Acquisition Regulation;**

**Submission for OMB Review; Contractors' Purchasing Systems Reviews**

**AGENCIES:** Department of Defense (DOD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

**ACTION:** Notice of request for public comments regarding an extension to an existing OMB clearance.

**SUMMARY:** Under the provisions of the Paperwork Reduction Act, the Regulatory Secretariat will be submitting to the Office of Management and Budget (OMB) a request to review and approve an extension of a previously approved information collection requirement concerning contractors' purchasing systems reviews. A notice was published in the Federal Register at 77 FR 51783, on October 27, 2012. One comment was received.

**DATES:** Submit comments on or before [Insert date 30 days after publication in the Federal Register.]

**ADDRESSES:** Submit comments identified by Information Collection 9000-0132, **Contractors' Purchasing Systems Reviews**, by any of the

following methods:

- Regulations.gov: <http://www.regulations.gov>.

Submit comments via the Federal eRulemaking portal by searching the OMB control number. Select the link "Submit a Comment" that corresponds with "Information Collection 9000-0132, Contractors' Purchasing Systems Reviews". Follow the instructions provided at the "Submit a Comment" screen.

Please include your name, company name (if any), and "Information Collection 9000-0132, Contractors' Purchasing Systems Reviews" on your attached document.

- Fax: 202-501-4067.
- Mail: General Services Administration, Regulatory Secretariat (MVCB), 1275 First Street, NE, Washington, DC 20417. ATTN: Hada Flowers/IC 9000-0132, Contractors' Purchasing Systems Reviews.

Instructions: Please submit comments only and cite Information Collection 9000-0132, Contractors' Purchasing Systems Reviews, in all correspondence related to this collection. All comments received will be posted without change to <http://www.regulations.gov>, including any personal and/or business confidential information provided.

**FOR FURTHER INFORMATION CONTACT:** Ms. Patricia Corrigan,  
Procurement Analyst, Office of Governmentwide Acquisition Policy,  
GSA, (202) 208-1963 or email at [patricia.corrigan@gsa.gov](mailto:patricia.corrigan@gsa.gov).

**SUPPLEMENTARY INFORMATION:**

**A. Purpose**

The objective of a contractor purchasing system review (CPSR), as discussed in Part 44 of the FAR, is to evaluate the efficiency and effectiveness with which the contractor spends Government funds and complies with Government policy when subcontracting. The review provides the administrative contracting officer (ACO) a basis for granting, withholding, or withdrawing approval of the contractor's purchasing system.

**B. Analysis of Public Comments**

One respondent submitted public comments on the extension of the previously approved information collection. The analysis of the public comments is summarized as follows:

**Comment:** The respondent commented that the extension of the information collection would violate the fundamental purposes of the Paperwork Reduction Act because of the burden it puts on the entity submitting the information and the agency collecting the information.

**Response:** In accordance with the Paperwork Reduction Act (PRA), agencies can request an OMB approval of an existing information collection. The PRA requires that agencies use the

Federal Register notice and comment process, to extend the OMB's approval, at least every three years. This extension, to a previously approved information collection, pertains to information collections associated with contractor purchasing system reviews (CPSR), as discussed in Part 44 of the FAR. The objective of CPSRs is to evaluate the efficiency and effectiveness with which the contractor spends Government funds and complies with Government policy when subcontracting. The review provides the administrative contracting officer a basis for granting, withholding, or withdrawing approval of the contractor's purchasing system. An approved purchasing system allows the contractor more autonomy in subcontracting actions. Without an approved purchasing system more Government oversight is necessary, and Government consent to subcontract is required.

**Comment:** The respondent commented that the agency did not accurately estimate the public burden challenging that the agency's methodology for calculating it is insufficient and inadequate and does not reflect the total burden. The respondent stated that "the Agencies estimate that only 1,580 respondents will be subject to this requirement annually ... is greatly understated." The respondent also found the estimate of 25 hours per response to be too low. For these reasons, the same respondent provided that the burden of compliance with the

information collection requirement greatly exceeds the agency's estimate and outweighs any potential utility of the extension.

**Response:** Serious consideration is given, during the open comment period, to all comments received and adjustments are made to the paperwork burden estimate based on reasonable considerations provided by the public. This is evidenced, as the respondent notes, in FAR Case 2007-006 where an adjustment was made from the total preparation hours from three to 60. This change was made considering particularly the hours that would be required for review within the company, prior to release to the Government.

The burden is prepared taking into consideration the necessary criteria in OMB guidance for estimating the paperwork burden put on the entity submitting the information. For example, consideration is given to an entity reviewing instructions; using technology to collect, process, and disclose information; adjusting existing practices to comply with requirements; searching data sources; completing and reviewing the response; and transmitting or disclosing information. The estimated burden hours for a collection are based on an average between the hours that a simple disclosure by a very small business might require and the much higher numbers that might be required for a very complex disclosure by a major corporation. Also, the estimated burden hours should only include projected

hours for those actions which a company would not undertake in the normal course of business.

Careful consideration, including consultation with Subject Matter Experts, went into assessing the burden hours for this collection, and it is determined that an upward adjustment is not required.

The respondent expressed concern that the estimate of 1,580 respondents is "greatly understated" because "the requirements apply regardless of whether or not the Government conducts a review. In other words, *all* contractors are required to be prepared when and if the Government ultimately conducts the purchasing system review." In response, we wish to clarify the circumstances under which CPSRs are actually conducted. If a contractor's sales to the Government (excluding competitively awarded firm-fixed-price and competitively awarded fixed-price with economic price adjustment contracts and sales of commercial items in accordance with FAR part 12) are expected to exceed \$25 million during the next 12 months, an ACO *may* determine that a CPSR is necessary. The ACO's determination as to whether a CPSR is necessary is based on, but not limited to, the past performance of the contractor, and the volume, complexity and dollar value of subcontracts. Once an initial determination has been made regarding a CPSR, at least every three years, the ACO shall determine whether a CPSR is necessary. If necessary, the cognizant contract administration office will conduct the CPSR.

Generally, a CPSR is not performed for a specific contract, as the respondent appears to imply. Rather, CPSRs are conducted on contractors based on the factors identified above. For example, the Defense Contract Management Agency (DCMA) Contractor Purchasing System Review Group is a group dedicated to conducting CPSRs for the Department of Defense. As of April 2012 the group's review workload included more than 400 contractors worldwide. The estimate of 1,580 respondents is therefore determined to be reasonable. In addition, the respondent is reminded that estimated burden hours should only include projected hours for those actions which a company would not undertake in the normal course of business. The primary purpose of CPSRs is to evaluate a portion of the normal course of a contractor's business, i.e., to evaluate the contractor's purchasing processes to ensure the efficiency and effectiveness with which the contractor spends Government funds and complies with Government policy when subcontracting. We submit that fundamental preparation for a review is part of a contractor's normal course of business.

The respondent also took issue with the estimate of 25 hours per response. As indicated above, Subject Matter Experts were consulted in developing the estimate. Based on their assessment, the time required for reading and preparing information was adjusted upwards from 17 hours (as estimated in the currently approved information collection) to 25 hours per completion, in

order to provide a more accurate accounting of the contractors' time expenditure needed to prepare for a CPSR and respond to any contracting officer recommendations related to withholding or withdrawing of contractor purchasing system approval resulting from an CSPR.

### **C. Annual Reporting Burden**

There is no single data collection process or system, e.g., Federal Procurement Data System (FPDS), that identifies the number of CPSRs conducted governmentwide. However, for purposes of this clearance, the estimated Average Burden Per Response is estimated at 25 hours per completion. Based on coordination with a Government agency that conducts CPSRs, the estimate has been adjusted upwards from the current 17 hours to 25 hours, in order to provide a more accurate accounting of the contractors' time necessary for reading information and preparing for a CSPR.

Number of Respondents: 1,580.

Responses Per Respondent: 1.

Total Responses: 1,580.

Average Burden Per Response: 25.

Total Burden Hours: 39,500.

**OBTAINING COPIES OF PROPOSALS:** Requesters may obtain a copy of the information collection documents from the General Services Administration, Regulatory Secretariat (MVCB), 1275 First Street, NE, Washington, DC 20417, telephone (202) 501-4755. Please cite



OMB Control No. 9000-0132, Contractors' Purchasing Systems  
Reviews, in all correspondence.

Dated: March 18, 2013

William Clark,  
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Federal Acquisition Policy Division,  
Office of Governmentwide Acquisition Policy,  
Office of Acquisition Policy,  
Office of Governmentwide Policy.

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